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Report of the Secretary-General on the United Nations Transitional Administration in East Timor

For the period from 25 July to 15 October 2001

I. Introduction

1. The present report is submitted pursuant to Security Council resolution 1338 (2001) of 31 January 2001, by which the Council decided to extend the mandate of the United Nations Transitional Administration in East Timor (UNTAET) until 31 January 2002. In that resolution, the Council stressed the need for a substantial international presence in East Timor after independence and requested me to make detailed recommendations in this regard, in close consultation with the East Timorese people and in coordination with other relevant international and bilateral actors.

2. The present report describes developments in East Timor since my report of 24 July 2001 (S/2001/719) and progress made in planning for an international presence in East Timor after independence. During this period, the Council received a public briefing on 30 July (see S/PV.4351), a private briefing on the preparations for the elections on 23 August and a public briefing on 10 September on the successful conduct of the elections for the Constituent Assembly (see S/PV.4367).

3. The report is divided into three parts, the first of which contains an assessment of the progress made in the implementation of core elements of the UNTAET mandate. The second part of the present report provides an update on efforts to support economic and social development in East Timor. The third part outlines the proposed structure for the successor mission to UNTAET in East Timor after independence, as well as the resources required to complete the Security Council mandate provided under resolutions 1272 (1999) and 1338 (2001).

II. Transition to independence

A. Political developments

4. Since my report of 24 July, three crucial steps have been taken in continuing the progress towards independence for East Timor: the election of a Constituent Assembly; the start of the 90-day Constitution-drafting process; and the formation of an all-East Timorese Council of Ministers.

5. After the peaceful elections for the Constituent Assembly on 30 August, in which 91.3 per cent of eligible voters participated, the Independent Electoral Commission announced the final certified results on 10 September, and assessed that the criteria for a free and fair election had been met. On 15 September, my Special Representative, Sergio Vieira de Mello, swore in the 88 members of the Constituent Assembly.

6. Following the drafting and adoption of its rules and procedures on 8 October, the Assembly established a Committee to make recommendations on the Constitution and to oversee its drafting. They have before them the reports of the 13 Constitutional Commissions, which summarize the views expressed by over 36,000 Timorese. The topics addressed include national and territorial sovereignty; the country name and flag; systems of government, including presidential and semi-presidential, centralized and decentralized

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systems; economy, taxation and investment; language and citizenship. Members of the Assembly completed a three-day training course with the Inter-Parliamentary Union, the first in a series of training sessions on procedural issues, legislative work practices and comparative international constitutional experience.

7. On 20 September, my Special Representative appointed the "Second Transitional Government". The appointment of its 20 ministers, vice-ministers and secretaries of state, all Timorese, broadly reflects the outcome of the elections of 30 August, as well as sectoral expertise, with an emphasis on youth and geographical representation. A Council of Ministers, led by a Chief Minister, Mari Alkatiri, presides over the Transitional Government and supervises the East Timor Public Administration. This is the first time that executive government in East Timor is controlled by East Timorese, albeit under the overall authority of my Special Representative.

8. Strong regional relationships will clearly play a key role in ensuring the long-term stability and development of East Timor. In a welcome development, the President of Indonesia, Megawati Soekarnoputri, invited my Special Representative, accompanied by Mari Alkatiri, Chief Minister, and José Ramos-Horta, Senior Minister for Foreign Affairs, together with Xanana Gusmão, to Jakarta for meetings on 12 September. The discussions focused on the need to resolve outstanding matters, including border issues, pensions, land transit between the Oecussi enclave and East Timor, cultural cooperation and scholarships.

B. Establishment of a functioning public administration

Civil administration

9. The establishment of an effective, functioning government administration was fundamental to the comprehensive mandate given to UNTAET under Security Council resolution 1272 (1999), and is crucial to fostering a stable and secure social, economic and political environment.

10. In addition to the historic political developments outlined above, major advances have been made in the past two years in building a civil service and its institutions from the ground up. By mid-September 2001, UNTAET had recruited some 9,500 East Timorese civil servants, about 90 per cent of the revised target of 10,500. The number of women recruited increased to over 2,400 employees, or 25 per cent of the total staff. Over the past few months, the Civil Service Academy of the East Timor Public Administration has conducted seminars, workshops and courses in public management and governance, as well as training to help develop computer and language skills. In cooperation with the Office of District Administration, the Academy has now trained more than 3,400 East Timorese district civil servants. The Civil Service Academy is also regularly used as a venue for donor training programmes for East Timorese administrators.

11. While recruitment and training are progressing, however, the civil administration of East Timor continues to be highly reliant on international staff in both advisory and line positions, and on services provided by UNTAET. Much remains to be done to transform the bureaucracy into a viable, sustainable national administration run by East Timorese civil servants, with strong policy, regulatory and operational frameworks.

12. The professional bureaucratic skills and capacity of many civil servants remain limited, particularly in the areas of senior management and in highly technical and professional areas of government administration. Of particular concern are the areas of public finances, the judiciary, senior management and the development and maintenance of the central administrative systems of government.

13. Furthermore, maintaining the delivery of government services while diminishing their dependence on UNTAET support will require careful management of expectations and difficult decision-making to ensure that realistic and sustainable standards of service are set prior to independence. Realistically, it is unlikely that the current level of services could be sustained by an independent government on current revenue estimates. The necessary lowering of government service standards to ensure the sustainability of development in East Timor is likely to be a source of friction.

Public finances

14. East Timor's public finances will require particularly careful management during the fiscal year 2001-2002 to respond to current and potential future problems. Substantial pressures on the current national

budget have arisen from the restructuring of the administration and the costs of the transition to independence. Furthermore, post-independence revenues, including service taxes and import duties, are likely to be negatively affected by the downsizing of UNTAET in 2002.

15. The public expenditure level set under the national budget must ensure that the social and economic sectors are adequately financed, taking into account the absorptive and fiscal capacity of the economy over the medium term. The complexity of managing East Timor's public finances is compounded by the need to obtain donor support for the two primary trust funds (the first funds the national budget, and the second supports capital investment and recovery), while coordinating other bilateral and multilateral development assistance. Even with projected oil and gas revenues, East Timor will need to continue to manage its scarce resources carefully. As foreshadowed at the donors meeting in Canberra in June 2001, significant budgetary support will be needed for the recurrent budget in subsequent years. Donor funds are still being sought to meet the financing gap of $20 million this year.

16. The management of public finances will require a minimum level of international technical support in the period following independence, in order to build upon the progress that has already been achieved. Without such support, the risk of mismanagement of public finances could threaten the overall functioning of the administration, as well as donor confidence in East Timor.

Justice

17. The Office of the Deputy Prosecutor for Ordinary Crimes continues to direct investigations into more than 400 criminal cases for offences committed since November 1999. From 1 August to 31 September, District Courts delivered sentences in 28 trials.

18. Traditional justice is an integral part of East Timor's authority system that regulates the daily lives of the majority of the country's population. In September 2001 a workshop was initiated on traditional justice, highlighting the need to identify a manner in which customary law can be used to complement the formal justice system.

19. Training for prison service staff is continuing, with all staff receiving training in emergency and standard policies and procedures. Recruitment for additional prison officers continues. In September, the Human Rights Unit launched a training programme on human rights for East Timorese prison officers in both the Gleno and Becora prisons. The training sessions highlight United Nations standards for the treatment of detainees and prisoners, as well as the newly *promulgated UNTAET regulation 2001/27 on the* establishment of a prison service in East Timor.

20. The justice system is still in a nascent state, however, and will need continued close attention. There are only 25 East Timorese judges and 13 prosecutors, the majority of whom have had only secondary education and less than two years of training and experience. On occasion, inappropriate sentences have been handed down, leading to retrials. Cases of intimidation during trials have occurred, in one instance resulting in the extended closure of the Baucau courthouse. The lack of resources, including interpreters, has led to delayed hearings and unduly prolonged detention of suspects.

21. In order to make the court system more effective and expedite the judicial process, regulation 2001/25 was promulgated on 14 September 2001. This regulation introduced several new measures, including the nomination of Judge Administrators for each of the District Courts, the possibility for certain cases now to be tried by a single judge and the granting of more Court supervisory powers to the President of the East Timor Court of Appeal.

22. It is clear, however, that the justice system of East Timor will continue to require significant international support, particularly judicial expertise, beyond independence. Any precipitous withdrawal of this support would be prejudicial to security as it would be likely to seriously undermine the judicial process and the rule of law, with adverse consequences for refugee return and reconciliation.

Police

23. The United Nations civilian police, with a presence of 1, 485 officers, has continued its dual role of maintaining law and order, and training the East Timor Police Service. The reported crime rate remains low.

24. On 30 September, the strength of the East Timor Police Service was 1,068 officers, 126 of whom have been placed at command level positions. On 15 October, the former director of the Police College was

appointed Commissioner of the Service. Senior officers undertake periodic specialized and refresher courses for management and promotion; their performance is periodically reviewed, and where necessary additional training is given. The training of the Maritime Unit has begun, and training for crowd management teams is continuing. The Special Protection Unit, the Police College, the Airport Security and Seaport Security units of the Police Service are now commanded by East Timorese. A medium-term plan for the development of the Service is currently being finalized. Donor support for its development will be necessary, however, especially with construction of essential facilities, equipment, transport and communications.

25. UNTAET provided human rights materials and training for members of the East Timor Police Service. Pocket-sized cards on the rights of accused and suspects have been produced and distributed to the members of the Service and United Nations civilian police to serve as an easy reference source.

East Timor Defence Force

26. The headquarters of the East Timor Defence Force has been established in Dili and the new training centre in Metinaro is fully functional. To date, 594 of the 1,500 regular soldiers have graduated from basic training. Of these, 146 are undergoing advanced training, and 50 are training for the small maritime component. An additional 347 cadets have been recruited into the Defence Force and are also undergoing training. An institutional framework for the Defence Force is being systematically introduced. A code of military discipline has been developed, as well as other administrative procedures.

C. Creation of a stable security environment

Security

27. The amount of militia activity on the East Timor side of the Tactical Coordination Line (the informal boundary agreed to by UNTAET and the Indonesian armed forces, pending formal demarcation of the border) has continued to decline. During the reporting period, there have been only two contacts between the UNTAET military component and unidentified persons deemed to be hostile, and a third incident involving the shooting of an Indonesian soldier dressed in civilian clothes in the Cova Lima district. The numbers of sightings of militia or suspected persons along the Tactical Coordination Line have fallen markedly. However, establishing identities in illegal cross-border sightings has become more difficult, with an increase in the incidence of illegal cross-border trade and theft.

28. The frequency and size of illegal markets in the vicinity of the Tactical Coordination Line has grown and there are substantial security concerns, as various armed groups attempt to control and regulate those markets for their own ends. UNTAET and the Indonesian authorities recently commenced discussion on a comprehensive border regime between East Timor and Indonesia, an essential element for stabilizing the border, but this will require considerable time and resources before it is resolved.

29. Reports of misinformation and intimidation in the refugee camps continue to be received. As noted in my previous report (see S/2001/719, para. 58), it is assessed that a core of hard-line militia in West Timor will continue to pose a potential threat to East Timor after independence. The Indonesian armed forces (TNI) and the Indonesian Police (POLRI) have been undertaking operations to restrict the movement of militia, especially with regard to any type of paramilitary activity. TNI and POLRI have reported that they continue to conduct sweeps for weapons in the refugee camps in West Timor.

30. The UNTAET military component and TNI have signed a new agreement to improve security cooperation. The Military Technical Arrangement was signed at Denpasar on 28 August at the Inter-Command Meeting between TNI Regional Commander Major General William da Costa and the previous Force Commander, Lieutenant General Boonsrang Niumpradit, who has since ended his tour of duty and been replaced by Lieutenant General Winai Phattiyakul. The Military Technical Arrangement replaces the memorandum of understanding of 11 April 2000, and will improve the practical understandings between the UNTAET military component and TNI on information-sharing and the coordination of military activity in the vicinity of the Tactical Coordination Line.

Serious crimes

31. On 1 August, President Megawati Soekarnoputri issued an amendment to the Presidential Decree of 23 April 2001 that had established an ad hoc human rights

tribunal to deal with gross violations of human rights in East Timor. While the new decree expanded the jurisdiction of the tribunal, it is still restrictive in that it allows the trials of only those cases that occurred in the months of April and September 1999, and only in the districts of Liquica, Dili and Cova Lima. This excludes several egregious crimes committed in 1999. It is hoped that the tribunal will soon commence its work, and that the Government of Indonesia will take the necessary steps to expand its jurisdiction to cover all human rights crimes committed in East Timor from January to October 1999.

32. It is also hoped that the Indonesian Supreme Court will soon undertake a satisfactory review of the extremely light verdicts, recently affirmed by a Jakarta high court, issued to six men in connection with the murder on 6 September 2000, in West Timor, of three staff members from the Office of the United Nations High Commissioner for Refugees (UNHCR). In addition, renewed efforts are required to ensure the implementation of the memorandum of understanding on cooperation in legal, judicial and human rights matters, concluded between Indonesia and UNTAET on 6 April 2000.

33. The Office of the East Timor General Prosecutor has to date filed 32 indictments, charging 62 individuals with crimes against humanity committed between 1 January and 25 October 1999. They include indictments for the crimes of murder and deportation in Same (Manufahi district) and for murder, deportation and extermination in the Oecussi enclave. The prosecution for the crime of extermination sets a precedent. Thirteen cases have been tried before the Special Panel of Serious Crimes of the Dili District Court. To date, 11 convictions have been handed down, one of which has been appealed, with sentences ranging from 7 to 15 years' imprisonment. The first trial for crimes against humanity in the Los Palos case (Lautem district) is reaching its closing stages.

34. The lack of experienced investigators, prosecutors and a sufficient number of experienced judges has inhibited the issuance of indictments and prosecutions and has been the subject of some criticism from Member States and international advocacy groups. The Office of the Deputy Special Representative has taken a direct role in addressing the problems, and the future organization, of the Serious Crimes Unit. If fully provided with resources, the Serious Crimes Unit should be able to complete the investigations and indictments for 10 priority cases of crimes against humanity by mid-2002.

Refugees

35. Since my last report to the Security Council (S/2001/719), UNHCR, the International Organization for Migration and UNTAET, in close coordination with the Indonesian Refugee Task Force (in West Timor), have assisted in the repatriation of more than 2,600 refugees. As anticipated, after the elections both organized and spontaneous refugee returns began to increase. The total number of refugee returns for September 2001 was 1,800, compared to 603 returnees in August. During September, 994 returnees from Ainaro district and 257 for Cova Lima and Ainaro districts returned via Salele in Cova Lima district, in operations organized by UNTAET. Both of these operations were assisted significantly by the presence and support of Xanana Gusmão.

36. Since October 1999, 185,519 refugees have returned to East Timor, and an estimated 60,000 to 80,000 remain in Indonesia. The Government of Indonesia has announced that, after December 2001, it will no longer provide humanitarian assistance for the refugees.

37. The priority is now to ensure that the refugees are free to return voluntarily to East Timor, voluntary local resettlement in Indonesia being a secondary option. In this regard, reports of intimidation of refugees by militia elements remain a matter of concern.

38. The report of the United Nations inter-agency security assessment mission to West Timor recommended the establishment of a memorandum of understanding between the United Nations and the Government of Indonesia, delineating security responsibilities and requirements, which must be in place before the United Nations agencies, including UNHCR, return to West Timor. The negotiations between the Government of Indonesia and the United Nations are ongoing.

Reconciliation

39. UNTAET continues to prepare the populations in the districts for returnees, to facilitate their peaceful reintegration and longer-term reconciliation. While there remains some concern for reprisals against some returnees in the future, incidences of violence have been minimal.

40. While perpetrators of serious crimes must be dealt with by the courts, those implicated in lesser crimes will be dealt with by the Commission for Reception, Truth and Reconciliation. The Commission is also empowered to hold hearings and seek evidence in order to establish the truth about all relevant events which occurred in East Timor from 25 April 1974 to 25 October 1999. It will have a mandate of two years and will report, and make recommendations based on its findings, to the Government. Work towards the establishment of the Commission is well under way. The Commission will be predominantly staffed by East Timorese, assisted by an international technical assistance unit, and will be funded from voluntary contributions, which have not yet reached the target amount.

III. Economic and social development

41. Significant progress in the fields of economic and social development in East Timor has been made during the transitional period. The administrative structures provided by UNTAET have assisted a range of humanitarian and development partners, both Member States and international organizations, to implement wide-ranging recovery and development cooperation activities throughout the territory. The continued careful targeting of the limited, uncommitted, voluntary funds will be critical to the recovery of the territory's economic and social sectors and poverty reduction.

A. Economy

42. Precise data on the overall recovery of the economy and its sectoral composition will not be available until completion of national accounts and household survey exercises early in 2002. Preliminary macroeconomic assessments indicate continued low inflation and continued growth in line with the estimates of the International Monetary Fund and the World Bank, albeit from the current impoverished economic base.

43. The recovery of the gross domestic product (GDP) is fuelled by an expansion of government expenditure, high demand for services in Dili and continuing agricultural recovery. Rural recovery has been slower than urban, and is constrained by poor transport networks and loss of rural market and credit systems. This argues for continued disproportionate public investment in rural areas, to balance private investment flowing into the capital. While there is widespread expectation of a substantial, positive, economic impact from the natural resources in the Timor Sea, the lack of certainty over the extent of the impact continues to demand a cautious outlook and militates against over-reliance on this sector in economic planning.

44. The decrease in United Nations personnel and expenditure will inevitably have an adverse impact on growth, and special efforts, including poverty reduction initiatives and structural reforms, may be required to counteract a sudden reduction in the demand for labour and consumption expenditure linked to the UNTAET presence. In August 2001, the Transitional Government established a working group comprising Government, the United Nations Development Programme (UNDP) and the international financial institutions, to assess the scale, timing, and social and economic impact of the international draw-down in East Timor; the working group expects to finalize its report in November 2001, including policy options to mitigate the impact.

45. In addition to the temporary distortions linked to the international presence, a number of structural constraints likely to inhibit sustained future growth will also have to be addressed. Principal among these are legislation on property rights and on land claims, as well as a sound commercial and regulatory framework. Progress in these technical areas will require targeted international expertise to provide Timorese policy makers with appropriate options.

B. Development planning

46. The newly created Commission on Planning within the East Timor Public Administration will prepare a plan for medium-term expenditures to help ensure fiscal sustainability, with an emphasis on reducing poverty. Participation by the East Timorese people will be ensured through a Consultative Commission of Civil Society on Development. In addition to national consultation, sector status reports will be prepared by each government department. These initiatives will form the basis for the national development plan. In the interim, progress during the transitional period continues to be monitored through key benchmarks which were presented to the Security

Council in my most recent progress report (S/2001/719). A report on the progress made against the quarter ending on 30 September 2001 is now being compiled within the East Timor Public Administration.

C. Agriculture

47. East Timor remains highly reliant on subsistence agriculture for the livelihood of the majority of the population. A significant focus of the Division of Agricultural Affairs has continued to be increasing crop production. Feasibility and engineering studies have been completed for 14 irrigation systems in various states of disrepair and East Timorese civil servants are taking comprehensive training courses provided by donors. Farmers continue to rely on the Administration for fertilizer in time for the wet season planting in November. Efforts are being made to institute organic certification for agricultural production, particularly for coffee. A strategic plan for the development of the fisheries sector is being put in place and additional contributions from donors are being sought for material and technical support to implement the plan.

D. Infrastructure

48. A number of infrastructure sectors are well advanced in their planning for sustainable operations beyond independence, but others are having significant trouble either matching their programmes to available funding or identifying additional funding sources from already heavily committed donor budgets. Income currently being collected by some revenue-earning divisions is encouraging, but there is still uncertainty about the longer-term revenue collection capacity.

49. In the transport sector, while essential roads have been maintained and quickly reopened after closures, rains and heavy usage (including by United Nations military assets) have resulted in the continued overall deterioration of the road network. Donors currently fund a level of road repair and maintenance that could not be sustained through the government budget in the medium term. Likewise, to maintain international civil aviation standards, a substantial amount of highly specialized technical support will be required.

50. To develop a longer-term solution to the important issue of telecommunications for East Timor, the Transitional Government is proceeding with a competitive tender for a Build, Operate and Transfer project to re-establish and run telecommunications in East Timor. On the critical issue of the power sector, there are continuing challenges, owing to the difficulty of maintaining power generation systems either neglected for a considerable time or damaged and destroyed in September 1999.

E. Education

51. Much progress has been achieved in the education sector. The severity of the damage to educational facilities, however, means that the support of international development programmes will need to continue well past independence, to restore infrastructure and accommodate a fast-growing population and expanding enrolment rates.

52. Substantial levels of external assistance were crucial to supporting the first regular school year under the transitional administration, and will continue to play a vital role in the new school year that has just begun. To meet a projected increase in school enrolment, 1,000 additional teachers are being recruited. All the textbooks and school furniture to be provided under the Emergency School Readiness Project have been delivered and are now being distributed to schools, while about 2,370 classrooms (or 86 per cent) have been rehabilitated under the project. In addition, a comprehensive school mapping survey has been completed and five prototype schools are now under construction.

F. Health

53. In the health sector, progress continues to be seen under the sector-wide approach to restoring access to basic services and establishing the policies, systems and human resources needed for a sustainable health system. There has been a continuing shift towards East Timorese management. A total of 719 East Timorese health staff have taken up positions at national and district levels and 630 more are being prepared. A plan has been developed to ensure full transfer of the management of district health services from international non-governmental organizations to the East Timorese District Health Management Teams. A minimal staff of foreign specialists has been recruited for the Dili National Hospital, following its transfer

from the International Committee of the Red Cross to government management.

54. Two of four rounds of training of midwife trainers in clean and safe child delivery have been completed. Workshops on midwifery standards and nutrition have been held for district supervisors. The first training courses in integrated management of childhood illness have been held and guidelines on syndromic management of sexually transmitted diseases have been prepared. Contracts have now been awarded for the reconstruction of 22 community health centres, and the construction of the new central medical warehouse is well advanced. An assessment of hospital capacity and needs has been completed as a first step towards defining the needs for hospital reconstruction and rehabilitation.

IV. Successor mission

A. Transition to the successor mission

55. In the months prior to the independence of East Timor, UNTAET will be working to adjust its size and configuration to respond to the needs at hand, and to position itself to ensure a smooth and seamless transition to a post-independence role for the United Nations.

56. Subject to the continuation of the prevailing stable security conditions in East Timor, the reductions of the UNTAET military component referred to in my last report will commence in November. The authorized strength of the military component of UNTAET is 8,950 troops, and the current deployment is 7,947. The plan provides for a reduced force of some 5,000 troops by independence. Commensurate reductions would be made in the military engineering, medical, aviation and support units. This would be achieved through scheduled troop rotations. Likewise, it is envisaged that the civilian police component, which has a current authorized strength of 1,640, would be reduced to 1,250 by independence.

57. At the same time, the reductions in the staff of the East Timor Public Administration (formerly East Timor Transitional Administration) funded by assessed contributions presented in July are being implemented. At the end of July, the Administration had 552 international staff and 606 United Nations Volunteers. By late September 2001, UNTAET had already achieved the October target of reducing this civilian presence by 35 per cent; plans for a total reduction of 75 per cent are expected to be achieved by the end of the transition period. This reduction will be implemented in a phased manner to minimize the negative effect on the delivery of basic government services and on the local economy, as well as to ensure that the job of establishing a sustainable administration is advanced.

58. Without prejudice to the discussions in the Constituent Assembly, it is possible that the Constitution will recommend the holding of presidential elections prior to independence. In such an eventuality, additional resources would need to be sought, so that UNTAET could ensure that the election is conducted successfully.

B. Plan for the successor mission

59. In its resolution 1338 (2001), the Security Council requested detailed recommendations for a substantial international presence in East Timor after independence, developed in consultation with the East Timorese people and in coordination with the other relevant international and bilateral actors, in particular the international financial institutions and the United Nations funds and programmes. As previously reported (see S/2001/719, paras. 53 and 54), planning for this presence was undertaken in the field, with the support of an integrated mission task force in New York, and drawing upon consultations with major stakeholders.

60. The plan provides for an integrated peacekeeping mission headed by a Special Representative of the Secretary-General, which would be composed of a military component, a civilian police component, and a small civilian component, including experts who would provide crucial assistance to the emergent East Timorese administration. The latter component will be essential to the functioning of the government in the immediate post-independence period.

61. The primary focus of the successor mission will be to ensure the security of East Timor and the viability and stability of its government structures, allowing for the completion of the mandate entrusted by the Security Council to UNTAET. The mission will be based on the premise that operational responsibilities must be fully devolved to the East Timorese authorities as soon as this is feasible. A continuing process of

assessment and downsizing is therefore envisaged over a period of two years, starting from independence.

Military component

62. As noted above, at the time of independence, the military component will consist of some 5,000 military personnel, including 120 military observers. The western sector would continue to have a two-battalion group with a sector headquarters. The Oecussi enclave would retain a battalion group, and the central and eastern sectors would be reduced to only one mobile battalion. Further staged reductions will take place during the life of the successor mission, subject to ongoing security assessments and progress achieved in the development of the East Timor Defence Force.

63. The reconfigured structure provides for a highly mobile force to counter possible external threats, while retaining some flexibility to ensure internal security. The task of the military component of the successor mission will be to assist in the maintenance of a secure environment in East Timor in cooperation with the East Timor Defence Force, the United Nations civilian police and the East Timor Police Service.

64. In the border area, the force would continue to take measures to deter unlawful armed groups and ensure security, pending the full development of the East Timor Defence Force. The force would also provide security for United Nations personnel and property. The mission's military observers will play a key role in maintaining liaison with both Indonesian and East Timor defence forces.

65. As regards the development of the East Timor Defence Force, it is envisaged that a battalion would be ready, following completion of its initial training, for operational tasks in the eastern sector in June 2002. A second battalion would be ready by late 2003. However, the schedule for the development of the Defence Force could be shortened, subject to the provision of donor funds for the necessary capital investments. It is foreseen that East Timor would take over full responsibility for its own defence arrangements by mid-2004 at the latest.

Civilian police component

66. The United Nations will continue its police work to ensure that the East Timor Police Service is developed as a service and an institution that is credible, accountable and professional. Drawing on the lessons learned from other operations, the main objective of the successor mission's police component will be to promote the capacity and integrity of the Service and its personnel.

67. The civilian police component will be led by an international police commissioner, and will continue to perform a dual role of executive policing while supporting the development of the East Timor Police Service. At the present rate of training, UNTAET expects that 1,500 East Timor police officers will be operationally deployed by 31 January 2002.

68. While it had been envisaged that the East Timor Police Service would ultimately comprise a force of 3,000 officers, it is possible that this figure may be reduced, depending upon ongoing consultations with and the decisions to be taken by the new Government of East Timor. If this happens, it will permit corresponding reductions within the United Nations civilian police component. Furthermore, it is expected that reductions in the civilian police component will occur throughout the life of the successor mission as the East Timor Police Service acquires the capacity to assume full executive responsibilities.

69. The expertise needed of civilian police officers will shift from basic patrolling and tactics to mentoring, management and administration skills. Staffing with appropriately qualified international civilian police officers, as well as civilian administrative experts, will be critical to the attainment of the goals of the mission. The East Timor Police Service has only a rudimentary infrastructure, no logistical or administrative framework, and it continues to be almost completely reliant on UNTAET resources for transport, communication and administration. As the UNTAET presence draws down, it will be essential to the viability of the East Timor Police Service that additional resources that cannot be transferred from UNTAET be secured through bilateral and multilateral donors.

70. The ultimate objective of the civilian police component will be to certify all East Timorese police personnel and to endorse all police institutional structures at the field and national headquarters level.

71. Since the strategy and implementation plan of the new mission will depend very largely on the successful preparation of the East Timor Defence Force and Police Service to take over the responsibility for the external and internal security, respectively of East

Timor, it is absolutely essential that these two organizations be properly funded and that their operations be sustainable under the budget of the new administration. I appeal to Member States to support an adequate and sustainable capital programme to equip both organizations.

72. The presence in an independent East Timor of a United Nations civilian police with executive law enforcement functions is an unprecedented arrangement that will require careful consideration of command and control arrangements. It is clear that this responsibility must continue to rest with my Special Representative. The head of the East Timorese police would focus on the development of the national police force, would have administrative responsibility for its members, but would only assume operational command upon transfer of the executive authority by the United Nations. The details of the proposed arrangements will be finalized in consultation with the Government of East Timor, and will be included in my next report to the Security Council.

Civilian component

73. As in all peacekeeping missions, the civilian component would include the required substantive staff to support my Special Representative. It would also include a human rights presence, both in Dili and the districts, as well as a Serious Crimes Unit, and a reduced liaison presence in Indonesia. I believe that the functions of the Serious Crimes Unit are expected to continue to be funded from assessed contributions to assist with the vital tasks of bringing to justice those responsible for serious crimes in 1999. This responds to the priorities established by the Security Council in resolution 1319 (2000); it is also consistent with the recommendations of the Panel on United Nations Peace Operations, which stressed that sufficient resources should be authorized by the Security Council "where justice, reconciliation and the fight against impunity require it" (A/55/305-S/2000/809, para. 39). Progress in this area, with its intrinsic link to the process of reconciliation, should not be disrupted. While most of the investigations will be completed by mid-2002, the related trials will take a further year.

74. In addition, external civilian assistance will be required to support the continued functioning of the new administration. Voluntary or bilateral arrangements are being sought to meet this requirement to the extent feasible. Consultations have also been conducted with the United Nations agencies to ascertain what kind of assistance they will be in a position to provide at this time. However, experience has shown that such resources may arrive late, or not at all, as donor priorities change and new demands arise. Voluntary contributions are already stretched thin in East Timor, with even the two primary trust funds not yet fully resourced, and United Nations agencies are experiencing substantial constraints.

75. In my previous report I explained that civilian Professional staff would need to remain within a successor mission to provide key assistance to the new Timorese Government, both in the area of training and to ensure the continued daily functioning of the administration. Extensive effort has gone into the planning process, which is still under way. This includes in-depth consultations with the East Timorese, since the successful implementation of the plan requires a clear understanding on the part of the stakeholders of the level and type of assistance that is to be provided. Further analysis of the needs on the ground is also continuing, including a skills audit by UNDP, which will be completed in the coming weeks.

76. While some refinement to current planning may still be required, the United Nations has identified approximately 100 core functions for which local expertise does not exist, but which are essential to the stability and functioning of government; those core functions therefore require assured funding for a short period after independence to permit the completion of the Security Council mandate and to ensure that the investments made to date are not jeopardized. Two thirds of these positions are intended as mentoring functions (advisory and training), and one third would be direct, line functions. They would primarily cover public finance and banking, justice and infrastructure, as well as central and common services necessary to maintaining government functioning.

77. Nearly half of those positions would be in the financial sector, the majority of the staff concerned working within the Ministry of Finance, in the areas of management, administration, revenue, tax policy, customs, treasury services, budgeting and auditing. The East Timorese capacity in the finance sector is rudimentary, and a stable financial management system will be critical to the survival of the future Government, and to ensure that donor funds are efficiently utilized. A number of experts would work out of the Central Payments Office, covering the areas

of management and supervision, accounting, economics, vault custody, settlements, network administration and general administration.

78. As indicated earlier in this report, the administration of justice in East Timor lacks experienced jurists and court infrastructure, and must be further consolidated. In the justice sector, the successor mission would include court of appeal judges, special panel judges, court administrators and public defenders, as well as prison staff advisers and trainers.

79. Other core civilian functions within the successor mission would focus upon strengthening internal administration (in such areas as human resource management, archival conservation, and district administration) and the infrastructure sector (civil aviation and sea transportation, and land and property issues). Experts would also provide capacity-building in management, procurement, supplies and inventory in the critical area of central administrative services, where failure could potentially cripple other parts of the Government. They would also assist in the drafting of legislative documents, and in ensuring compliance with international human rights instruments. Finally, expert advisers would be required to assist the new State in establishing demographic information, conducting foreign affairs, formulating economic policy, undertaking donor coordination, and supporting decision-making by constitutional organs.

80. Owing to the unprecedented scope of the UNTAET mandate, and the need to build the administration from the ground up, further external assistance beyond these core functions will unquestionably be required to ensure broader government services. With the support of UNDP, the Transitional Administration has prepared an overall framework for governance and public sector management, identifying priority areas in the short, medium and long term which would require funding from voluntary contributions. Following discussions with Cabinet members and heads of division of the East Timor Transitional Administration, approximately 135 functions, beyond those discussed above, were identified as being crucial to the effectiveness of the new State. I appeal to donors to contribute generously in order to meet these needs.

V. Financial matters

81. As indicated in my previous report (S/2001/719, para. 61), the General Assembly, in its resolution 55/228 B of 14 June 2001, authorized me to enter into commitments in an amount not exceeding $282 million gross for the period from 1 July to 31 December 2001 to meet the requirements of UNTAET for that period. The proposed budget for the period from 1 July 2001 to 30 June 2002 is currently in preparation and will be considered by the General Assembly at the main part of its fifty-sixth session. Financial implications for the successor mission to UNTAET will be provided at a later stage when my recommendations for its establishment are finalized.

82. As at 30 September 2001, unpaid assessments to the Special Account for UNTAET for the period since its inception on 1 December 1999 amounted to $395.6 million. The total outstanding assessed contributions for all peacekeeping operations amounted to $3,281.6 million.

VI. Observations and recommendations

83. In considering the requirements of the successor mission to UNTAET, it bears repeating that UNTAET began its mandate two years ago in the aftermath of a thorough destruction of East Timor's infrastructure and all institutions of government. The human resource base available in East Timor was limited by a history of scant opportunity and training and further depleted by the flight of many civil servants. Against this background, the mandate given by the Security Council in resolution 1272 (1999) to establish a national civil administration, assist in the development of civil and social services and support capacity-building for self-government was unprecedented in scope.

84. In a recent report to the Security Council entitled "No exit without strategy: Security Council decision-making and the closure or transition of United Nations peacekeeping operations" (S/2001/394), while noting the importance of bringing to fruition the achievements of a peacekeeping operation, I made the following specific reflection regarding East Timor:

> "The essential requirement in the case of East Timor is to ensure that the enormous sacrifices of the East Timorese, the substantial investments of the international community, and the cooperation

of the parties required to bring about a successful transition to independence are not squandered for lack of international attention and support for the new State. At the same time, it is important to move towards a normal development assistance framework as quickly as is responsibly possible" (ibid., para. 43).

In a note (S/2001/905) prepared in response to my report, the President of the Security Council agreed that a major criterion for the Council's decision on the scaling down or withdrawal of a peacekeeping operation is the successful completion of its mandate. The members of the Council undertook to give consideration to the related questions or concerns identified in my report.

85. It is in this context that I submit to the Security Council for its consideration and approval the proposals contained in Section IV above. Mindful of the desirability of relying upon a "normal development assistance framework" wherever feasible, the plan for the successor mission contains core tasks that are crucial to protecting the progress made to date. It will be essential, however, that this contribution be supplemented by multilateral and bilateral arrangements.

86. As indicated above (see paras. 61 and 76), these core tasks will be performed by international staff for a period of two years or less after independence, as responsibilities are transferred progressively to the East Timorese within that period. In this connection, it is my intention, in the near future, to write to the President of the Security Council recommending a date for East Timor's independence, following consultations with my Special Representative and the Constituent Assembly, which is currently seized of this matter. The successor mission would be established on that date, and the mandate of UNTAET would therefore need to be extended accordingly.

87. Initially, the responsibility to establish a viable state in East Timor clearly belongs to its people. The East Timorese have amply demonstrated the depth of their commitment to this task through sacrifice, imagination and determination. I urge the Security Council to ensure that these foundations are not undermined and to consolidate the remarkable contribution it has already made to this historic undertaking.

(REVISED VERSION - 16 10 2001)

UNITED NATIONS TRANSITIONAL ADMINISTRATION IN EAST TIMOR
EAST TIMOR PUBLIC ADMINISTRATION

SECOND TRANSITIONAL GOVERNMENT OF EAST TIMOR AND EAST TIMOR PUBLIC ADMINISTRATION